

Subtitle E--Performance of Functions by Private-Sector Sources

SEC. 351. INCLUSION OF ADDITIONAL INFORMATION IN REPORTS TO CONGRESS REQUIRED BEFORE CONVERSION OF COMMERCIAL OR INDUSTRIAL TYPE FUNCTIONS TO CONTRACTOR PERFORMANCE.

(a) INFORMATION REQUIRED BEFORE COMMENCEMENT OF CONVERSION ANALYSIS- Subsection (b)(1)(D) of section 2461 of title 10, United States Code, is amended by inserting before the period the following: `, and a specific identification of the budgetary line item from which funds will be used to cover the cost of the analysis'.

(b) INFORMATION REQUIRED IN NOTIFICATION OF DECISION- Subsection (c)(1) of such section is amended--

(1) by redesignating subparagraphs (A), (B), (C), (D), and (E) as subparagraphs (B), (C), (F), (H), and (I), respectively;

(2) by inserting before subparagraph (B), as so redesignated, the following new subparagraph:

`(A) The date when the analysis of that commercial or industrial type function for possible change to performance by the private sector was commenced.';

(3) by inserting after subparagraph (C), as so redesignated, the following new subparagraphs:

`(D) The number of Department of Defense civilian employees who were performing the function when the analysis was commenced, the number of such employees whose employment was terminated or otherwise affected in implementing the most efficient organization of the function, and the number of such employees whose employment would be terminated or otherwise affected by changing to performance of the function by the private sector.

`(E) The Secretary's certification that the factors considered in the examinations performed under subsection (b)(3), and in the making of the decision to change performance, did not include any predetermined personnel constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees.'; and

(4) by inserting after subparagraph (F), as so redesignated, the following new subparagraph:

`(G) A statement of the potential economic effect of the change on each affected local community, as determined in the examination under subsection (b)(3)(B)(ii).'.

SEC. 354. MONITORING OF SAVINGS RESULTING FROM WORKFORCE REDUCTIONS AS PART OF CONVERSION OF FUNCTIONS TO PERFORMANCE BY PRIVATE SECTOR OR OTHER STRATEGIC SOURCING INITIATIVES.

(a) REQUIREMENT FOR A MONITORING SYSTEM- Chapter 146 of title 10, United States Code, is amended by inserting after section 2461 the following new section:

`Sec. 2461a. Development of system for monitoring cost savings resulting from workforce reductions

`(a) WORKFORCE REVIEW DEFINED- In this section, the term `workforce review', with respect to a function of the Department of Defense performed by Department of Defense civilian employees, means a review conducted under Office of Management and Budget Circular A-76 (or any successor administrative regulation or policy), the Strategic Sourcing Program Plan of Action (or any successor Department of Defense guidance or directive), or any other authority to determine whether the function--

`(1) should be performed by a workforce composed of Department of Defense civilian employees or by a private sector workforce; or

`(2) should be reorganized or otherwise reengineered to improve the efficiency or effectiveness of the performance of the function, with a resulting decrease in the number of Department of Defense civilian employees performing the function.

`(b) SYSTEM FOR MONITORING PERFORMANCE- (1) The Secretary of Defense shall establish a system for monitoring the performance, including the cost of performance, of each function of the Department of Defense that, after the date of the enactment of this section, is the subject of a workforce review.

`(2) The monitoring system shall be designed to compare the following:

`(A) The costs to perform a function before the workforce review to the costs actually incurred to perform the function after implementing the conversion, reorganization, or reengineering actions recommended by the workforce review.

`(B) The anticipated savings to the actual savings, if any, resulting from conversion, reorganization, or reengineering actions undertaken in response to the workforce review.

`(3) The monitoring of a function shall continue under this section for at least five years after the conversion, reorganization, or reengineering of the function.

`(c) **WAIVER FOR CERTAIN WORKFORCE REVIEWS**- Subsection (b) shall not apply to a workforce review that would result in a manpower reduction affecting fewer than 50 Department of Defense civilian employees.

`(d) **ANNUAL REPORT**- Not later than February 1 of each fiscal year, the Secretary of Defense shall submit to Congress a report on the results of the monitoring performed under the system established under subsection (b). For each function subject to monitoring during the previous fiscal year, the report shall indicate the following:

`(1) The cost of the workforce review.

`(2) The cost of performing the function before the workforce review compared to the costs incurred after implementing the conversion, reorganization, or reengineering actions recommended by the workforce review.

`(3) The actual savings derived from the implementation of the recommendations of the workforce review, if any, compared to the anticipated savings that were to result from the conversion, reorganization, or reengineering actions.

`(e) **CONSIDERATION IN PREPARATION OF FUTURE-YEARS DEFENSE PROGRAM**- In preparing the future-years defense program under section 221 of this title, the Secretary of Defense shall, for the fiscal years covered by the program, estimate and take into account the costs to be incurred and the savings to be derived from the performance of functions by workforces selected in workforce reviews. The Secretary shall consider the results of the monitoring under this section in making the estimates.'.

(b) **CLERICAL AMENDMENT**- The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2461 the following new item:

`2461a. Development of system for monitoring cost savings resulting from workforce reductions.'.